

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06

COME-00 EB-07 LAB-04 SIL-01 OMB-01 TRSE-00 /071 W

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R 071757Z JAN 77

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 8552

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY LISBON

AMEMBASSY MADRID

USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: PLAB, FR

SUBJECT: COLLAPSE OF STRIKES ENCOURAGING SIGNS FOR
BARRE PLAN

1. SUMMARY: THE COLLAPSE OF THREE STRIKES, ONE OF WHICH HAD LASTED AS LONG AS THREE MONTHS, IS THE LATEST DEVELOPMENT THAT HAS COME TO SUPPORT THE IMPRESSION CREATED IN THE LAST SEVERAL DAYS THAT THE TIDE IS TURNING IN FAVOR OF THE BARRE PLAN. END SUMMARY.

2. SOME 12 HUNDRED EMPLOYEES OF THE CAISSE D'EPARGNE DE PARIS (ROUGHLY SAVINGS AND LOANS FUND) STRUCK ON 5 OCTOBER CLAIMING THAT THE YEAR-END BONUS WAS A PERMANENT ELEMENT OF THE EMPLOYEES' COMPENSATION AND NOT SUBJECT TO VARIATION OF EVEN WITHDRAWAL DEPENDING UPON THE FUND'S PROFITS FOR THE YEAR. FROM THE BEGINNING OF THE STRIKE PRIME MINISTER BARRE LET IT BE

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KNOWN THAT THE FUND UNDER NO CIRCUMSTANCES WAS TO MAKE ANY CONCESSIONS REGARDLESS OF HOW LONG THE EMPLOYEES WERE PREPARED TO STRIKE. DESPITE MANAGEMENT'S FIRM STAND THE EMPLOYEES REPEATEDLY VOTED OVERWHELMINGLY FOR CONTINUATION OF THE STRIKE. CGT, CFDT AND FO WERE INVOLVED.

(A) AN INTERESTING DEVELOPMENT TOOK PLACE ON THE 53RD DAY OF THE STRIKE WHEN AN EXPERT APPOINTED BY THE COURT WHICH IS HANDLING THE UNIONS' COURT ACTION, INTERPRETED THE PROVISIONS REGARDING THE BONUS IN FAVOR OF THE EMPLOYEES. ENCOURAGED BY THIS INTERPRETATION THE UNIONS ATTEMPTED TO SETTLE THE STRIKE THROUGH NEGOTIATIONS ON BACK PAY FOR THE DAYS OF STRIKE. MANAGEMENT STOOD FIRM AND ON 6 JANUARY THE EMPLOYEES RESUMED WORK EMPTY-HANDED.

(B) THE UNIONS, HOWEVER, CALLED FOR A 24-HOUR STRIKE ON 26 JANUARY WHEN THE COURT IS SCHEDULED TO RENDER ITS DECISION ON THE SUBSTANTIVE ISSUES CONCERNING THE PAYMENT OF THE BONUS. IT IS GENERALLY ASSUMED THAT THIS PARTICULAR STRIKE WAS CALLED BECAUSE THE UNIONS ANTICIPATE THAT THE COURT DECISION WILL REVERSE THE EXPERT'S INTERPRETATION AND WILL SUSTAIN MANAGEMENT'S POSITION.

2. THE SECOND STRIKE TO COLLAPSE INVOLVED THE DEPARTMENT STORES OF "BELLE JARDINIERE" WHERE SOME 140 EMPLOYEES STRUCK WITH OCCUPATION OF PREMISES TO PROTEST THE COMPANY'S DECISION TO LAY OFF 62 EMPLOYEES. AS ONE UNION LEADER PUT IT, "IT WAS OBVIOUS THAT THE COMPANY WOULD NOT YIELD AND THEREFORE IT WOULD BE UNWISE TO WASTE ANY MORE TIME."

3. THE THIRD STRIKE INVOLVED THE EMPLOYEES OF THE POLLING ORGANIZATION SOFRES. AGAIN THE KEY ELEMENT LIMITED OFFICIAL USE

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WAS MANAGEMENT'S STAND REFUSING TO NEGOTIATE ANY
WAGE INCREASES OR OTHER CONCESSIONS.

COMMENT: THE MEDIA, INCLUDING DAILY PRESS, WERE QUICK
TO HIGHLIGHT THE SIGNIFICANCE OF THE FAILURE OF THE
FOREGOING THREE STRIKES AND TO SEE IN IT A MEASURE OF
SUCCESS OF BARRE'S FIRMNESS IN IMPOSING A WAGE AND
PRICE RESTRAINT. FEAR OF UNEMPLOYMENT IN THE PRIVATE
SECTOR IS ONE OF THE KEY FACTORS AFFECTING WORKER
BEHAVIOR. HOWEVER, THE FRENCH WORKERS' COMMON SENSE,
WHICH THE EMBASSY HAS REPEATEDLY UNDERSCORED AS AN
IMPORTANT FACTOR IN SHAPING THE COUNTRY'S SOCIAL AND
ECONOMIC LIFE, SHOULD ALSO BE CREDITED FOR THE ABRUPT
END OF THESE STRIKES.

4. AT A MINIMUM THE COLLAPSE OF THE THREE STRIKES
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SIGNALS A REVERSAL OF TRENDS AWAY FROM EASY CONCESSIONS
IN THE NAME OF SOCIAL PEACE (EMPLOYERS) AND AWAY
FROM SEEKING PURCHASING POWER THROUGH NOMINAL INCREASES
OF WAGES (WORKERS). WHETHER THIS NEW TREND WILL HOLD
WILL DEPEND ON HOW LONG IT WILL TAKE THE BARRE PLAN
TO SHOW A SIGNIFICANT IMPACT ON PRICES. THE RANK
AND FILE ENCOURAGED BY THE UNION LEADERS WHO KEEP
THEIR EYES FIXED ON THE MUNICIPAL ELECTIONS AND
IMPRESSED BY BARRE'S PLAIN AND PERSUASIVE TALK IS
PREPARED TO GIVE GOV REASONABLE TIME TO SHOW RESULTS.
WHAT IS REASONABLE IN THIS INSTANCE WILL DEPEND ALSO
ON THE UNEMPLOYMENT FIGURES WHICH THE CONTINUING
SLOWDOWN IN BUSINESS INVESTMENTS HAS BEEN PUSHING
UPWARDS.

5. WE CONTINUE TO BELIEVE THAT THE MUNICIPAL

ELECTIONS IS A FACTOR WHICH IMPOSES RESTRAINTS ON
THE RADICAL CGT-CFDT LEADERS. BARRE IS OBVIOUSLY
AWARE OF THIS AND IS TRYING TO MAKE THE MOST OF IT.
RUSH

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